

SOE MATTERS

Reform to shift State firms' focus to key biz

Core competitiveness, market-oriented approach, mixed ownership in spotlight

By ZHONG NAN and ZHUANG QIANGE

China will continue to steadfastly implement the 2020-22 action plan for the reform of State-owned enterprises and pave the way for more productive collaborations between SOEs and private companies in 2021, the country's top State asset regulator said.

The country's 14th Five-Year Plan will start in 2021. SOEs will focus on their main responsibility and business, develop sound market-oriented operating mechanisms and increase core competitiveness next year, said Hao Peng, chairman of the State-owned Assets Supervision and Administration Commission of the State Council.

The three-year action plan for SOE reform is part of the central authorities' efforts to boost productivity and make corporate giants more marketized, Hao said.

The country will also encourage more SOEs to collaborate with private companies to increase China's economic growth momentum, he said at the commission's meeting in Beijing last week.

To ensure all these works are conducted smoothly, the task of relieving SOEs of their obligation to undertake social programs has been completed this year.

Greater efforts will be made in fostering mixed ownership of businesses hitherto owned by SOEs, thus strengthening the modern corporate structure.

SOEs need to make continual efforts to achieve higher quality and efficiency, sharpen core competitiveness and strengthen dynamism for sustained growth, in order to play their role in underpinning the national economy better, he said.

The government will continue to unwaveringly consolidate and develop the public sector, and encourage, support and guide the private sector, said Hao, adding that SOE reform needs to achieve higher quality and efficiency, help facilitate deeper cooperation in the industrial and supply chains and enhance SOEs' core competitiveness.

Under new government policies, market access will continue to be broadened for private companies. Power grid operators will accelerate the process of spinning off competitive operations such as equipment manufacturing. Oil and gas infrastructure will be made equally accessible to all businesses regardless of types of ownership.

Private companies will be supported to participate in the construction of major railway projects and have more access to key national research infrastructure, especially those managed by SOEs. Accreditation of national-level technology centers in private companies will be accelerated.

"SOEs will be supported in enhancing basic research and

innovation, advancing research in critical technologies and vigorously promoting entrepreneurship and innovation over the next five years," said Peng Huagang, secretary-general of the SASAC.

By enabling SOEs to divest some of their non-core business units, they will be encouraged to sharpen their focus on growing their main business, Peng said. The government will continue to encourage SOEs to build more key infrastructure and manufacturing projects in the country and partner economies involving in the development of the Belt and Road Initiative over the next five years.

A shining example of that strategy comes from China Railway Group Ltd, known as CREC, which announced this week that it has completed all the main construction work at Xiong'an Railway Station, the rail traffic hub of the Xiong'an New Area — China's new landmark economic zone.

As an essential part of a city, the intelligence of buildings and infrastructure facilities is key to developing future smart cities. Smart technologies have been adopted in the station for information sharing and unified management, said Wu Yadong, chief engineer for the Xiong'an station project from China Railway Construction Engineering Group, an arm of CREC.

"Architectural concrete requires a high proficiency of construction to ensure the effectiveness of the building. The project model has been constructed dozens of times so that the waiting room in the station can be built as a whole with beauty and aesthetic value," he said.

Another SOE involved in building key infrastructure is CCCC Tianhe Mechanical Equipment Manufacturing Co, a unit of Beijing-based China Communications Construction Co Ltd. The SOE reported on Monday that it had excavated more than 200 meters of tunnels via using its self-developed tunnel-boring machine, or TBM, in the construction of a 22-kilometer-long expressway tunnel, the longest of its kind in China, at Shengli Tunnel project in the Tianshan Mountain area in the Xinjiang Uygur autonomous region.

Shengli Tunnel is part of a freeway linking the regional capital Urumqi with Yuli county. The construction of the six-year project is expected to complete in 2025.

Instead of the blasting method, engineers have adopted a number of alternative measures to improve efficiency of the winter construction work, as the project passes through a cold and high altitude zone, with harsh climate and geological conditions, said Li Baolong, CCCC Tianhe's site manager for the Shengli Tunnel project.

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An aerial view of the Algeria South-North Expressway project. PROVIDED TO CHINA DAILY

CSCEC showcases BRI benefits with highways in Pakistan and Algeria

By ZHUANG QIANGE and ZHONG NAN

China State Construction Engineering Corp, the nation's largest builder, has announced completion of an infrastructure project each in Pakistan and Algeria, two economies that are participating in the Belt and Road Initiative.

This marks the construction giant's efforts to boost regional cooperation amid the COVID-19 pandemic.

According to CSCEC, the Sukkur-Multan Motorway, which is the largest transportation infrastructure project under the China-Pakistan Economic Corridor, was officially handed over to the Pakistani side on Wednesday.

The 392-kilometer-long motorway, also known as the M5 motorway in Pakistan, is part of the country's Peshawar-Karachi Motorway and was designed for speeds of up to 120 km/hour with a total investment of about \$2.89 billion.

"The motorway opened to traffic in November last year and has greatly improved traffic conditions and helped drive economic development in central Pakistan," said Xiao Hua, general manager of the PKM project.

"More than 29,000 jobs were created for the locals in the peak time of construction and the operation of the motorway will be all

done by the Pakistani side (from now on)," Xiao said.

Apart from the main body of the project, the Chinese constructor also built schools, roads, bridges, wells and water channels for the locals to make their lives more convenient, he said.

The China-Pakistan Economic Corridor projects have achieved major progress despite grave economic and health challenges posed by the COVID-19 pandemic, said Asim Saleem Bajwa, chairman of the CPEC Authority.

"After successful completion of the first phase, the CPEC is expanding into its second phase as per schedule despite a very serious setback of COVID-19 around the world, ensuring economic stability and well-being of the people of Pakistan," Bajwa said while addressing an awarding ceremony for outstanding Pakistani staff of CPEC projects.

In Algeria in northern Africa, CSCEC has helped build an expressway linking Chiffa and Berrouaghia. It is part of the Algeria South-North Expressway project undertaken by CSCEC. The expressway opened to traffic last weekend, passing across the Atlas Mountains and through the Sahara Desert.

"The project is a great achievement and is of strategic significance

to the nation," said Abdelaziz Djerad, prime minister of Algeria. "Opening of the Algeria South-North Expressway will play an important role in maintaining the national security and improving the comprehensive economic development."

With a total length of 53 kilometers, the expressway goes through the Atlas Mountains, which was the "bottleneck" part of the Algeria South-North Expressway, for its extremely high construction difficulties.

In the future, the expressway will also extend further southward to connect Mali, Niger and other countries in Sahil Area.

Proposed in 2013, the BRI comprises the Silk Road Economic Belt and the 21st century Maritime Silk Road, which aim at building trade and infrastructure networks connecting Asia with Europe and Africa along the ancient trade routes of the Silk Road.

The government will continue to encourage SOEs to build more key infrastructure and manufacturing projects in the country and BRI partner economies over the next five years, said Peng Huagang, secretary-general of the State-owned Assets Supervision and Administration Commission of the State Council.

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After record steel output, Baowu chases tech, profitability and scale

By WANG YING in Shanghai wang_ying@chinadaily.com.cn

China Baowu Steel Group is set to become the world's largest crude steel producer this year, having crossed the output mark of 100 million metric tons, a first for any Chinese steelmaker.

The steel giant is going to pursue latest technologies and innovation and emerge as the global steel industry leader, said its chairman.

"Baowu will overtake ArcelorMittal to become the world's No 1 crude steel producer this year," said Chen Derong, its chairman.

Baowu is also on track to becoming an industry leader in terms of profitability. "In order to become a global steel industry leader, Baowu will consistently spearhead technological innovation, with technology, profitability and scale being the three pillars to ensure our success," said Chen.

According to Chen, technology will help build a solid foundation for strengthening competitiveness, and safeguard Baowu to maintain its leadership in scale and profitability in the long term.

A platform of industrial internet was launched by Baowu on Tuesday as part of its efforts to leverage technology power.

Developed by Baowu's listed arm Shanghai Baosight Software Co Ltd, the platform of industrial internet boasts the first systematic industrial internet platform in China's manufacturing.

Based on technologies like big data, AI, intelligent equipment, and virtual manufacturing, the platform strives to satisfy various applications for both intelligent manufacturing and smart service.

The platform would be capable of offering solutions to diverse sectors

961.16 million tons

total output of crude steel in China in the January-November period

like steel, medical, transportation, finance, agriculture and e-commerce.

It will cover safety, manufacturing, energy saving, emission reduction, quality control, supply chain management, R&D, design, operations, management, warehousing, logistics and maintenance.

"The platform is seeking to become a demonstration platform for China's industrial internet in the coming three to five years," said Zhu Xiangkai, general manager of Baosight.

On Tuesday, Baowu showcased 10 products for application in various industries. The products include construction steel used to build the most durable bridges and high-speed railways, ultra-thin (0.02 mm) steel, and steel designed for meeting high environmental standards with high efficiency.

The 10 steel products are a fraction of innovations made by Baowu through years of consistent research and development, Chen said.

Back in January, Baoshan Iron and Steel Co Ltd's Shanghai factory was inducted into the list of World Economic Forum lighthouse facilities, the first such honor for the Chinese steel industry.

A lighthouse factory represents China's transformation from the world's biggest steel producer into an iron and steel power through smart manufacturing, with Baowu's long history proving context and a reference point.

China will soon become the first

country to have its crude steel output exceed 1 billion tons in 2020, said Li Xinchuang, chief engineer of the China Metallurgical Industry Planning and Research Institute, in an interview to the Xinhua News Agency earlier this week.

According to Li, China produced 961.16 million tons of crude steel in the first 11 months, and the nation's total output is expected to reach 1.05 billion tons, accounting for 60 percent of the world's output.

It is only a matter of time for Baowu to become the No 1 steelmaker by volume as the company has been consistently expanding its output through a slew of mergers and acquisitions, according to Chen.

In December 2016, China Baowu was formed by the merger of Shanghai-based Baosteel Group and Wuhan Iron & Steel Group in Central China's Hubei province, which created a monolith with a production capacity of 70 million tons, second only to ArcelorMittal worldwide.

In June 2019, China Baowu announced to acquire Maanshan Iron and Steel Co Ltd (Magang), increasing its output to more than 90 million tons. And in August last year, China Baowu announced it would acquire a 51 percent stake in Taiyuan Iron & Steel (Group) Co Ltd.

In 2019, Baowu produced 95.22 million tons of crude steel, earning 556.6 billion yuan (\$85.2 billion), and a net profit of 34.5 billion yuan.

From its establishment in late 1970s, Baosteel has been setting the highest technology standards among all Chinese steel mills, and in recent years its R&D investment has exceeded that of other mills, reaching 14.9 billion yuan in the past three years, more than double that of second-ranked Hebei Iron and Steel Co Ltd, which invested 6.79 billion yuan in R&D.

CGN starts wind farm with hybrid turbines

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The 401.5 megawatt Yangjiang Nanpeng Island offshore wind farm, featuring hybrid-drive wind turbines supplied by Mingyang Smart Energy, was fully commissioned on Dec 16, said its operator China General Nuclear Power Corp, one of the country's largest nuclear power companies.

The project saw its first turbine installed at the site off Guangdong province in July last year, and its first batch of wind turbines commenced operations in October. It is expected to generate more than 1 billion kilowatts each year, saving more than 310,000 metric tons of standard coal and reducing 830,000 tons of carbon dioxide emissions, CGN said.

Construction on the project began in the summer of 2018 and has been progressing at full speed despite some obstacles and challenges, including COVID-19.

The project is a benchmark for future offshore wind farm facilities, said Li Yilun, president of CGN New Energy Holdings Co Ltd.

Li said the company has the capacity to provide engineering management and construction services for other offshore wind development projects and will combine its advantages in development, investment and construction in the future and positively advance toward the goal of becoming a backbone of national offshore wind development and a leader in practicing national maritime strategy.

The project is in accordance with the government's efforts to promote renewable energy, as progress toward using more clean energy has been accelerating over the past few years in the country, said Wang Ziyue, an analyst at research firm BloombergNEF.

It will also provide precious experience for its future projects, Wang said.

President Xi Jinping, addressing the Climate Ambition Summit earlier this month, announced that China will lower its carbon dioxide emissions per unit of GDP by more than 65 percent by 2030 from 2005 levels and increase its share of non-fossil fuels in primary energy consumption to around 25 percent. It will also increase its forest stock by 6 billion cubic meters from 2005 levels by 2030, and bring its total installed capacity of wind and solar power to over 1.2 billion kilowatts.

Industry insiders said that pushing forward the rapid development of wind and solar power is key to improving the country's energy mix, and China's wind power development is focusing more than ever on offshore wind farm construction, which is bringing bright prospects to the sector.

Luan Dong, China renewables analyst at BloombergNEF, said he believes the country should be able to surpass the 1,200-gigawatt target, and the country's international pledge regarding renewable capacity is encouraging.

The company has been actively promoting clean energy development including nuclear, wind, biomass and solar over the past few years as well as expanding its clean energy business overseas since 2010 in countries including France, South Korea and Egypt. Its total installed domestic capacity of new energy is expected to reach 24 million kW by the end of this year, up from 20.54 million kW as at the end of May.

Total domestic new energy assets reached 194.7 billion yuan (\$27.74 billion), with net assets reaching 58.8 billion yuan by July.

The firm said its on-grid power capacity reached 261.6 billion kW last year, equal to carbon dioxide emission reductions of more than 210 million tons.

Peng Peng, secretary-general of the China New Energy Investment and Financing Alliance, an industry group, said after 15 years of rapid development of wind power, China has gained rich experience and developed most of the regions suitable for turbine installation.

According to National Energy Administration data, as of the end of September, China's total installed capacity of solar and wind power stood at 750 million kW, over half the target of 1.2 billion kW by 2030.



A China Railway Construction Engineering Group employee sprays paint at Xiong'an Railway Station in Xiong'an New Area, Hebei province, in December. PROVIDED TO CHINA DAILY